

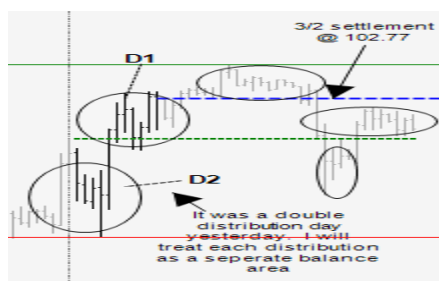
CL – Trading Journal (03/03/2011)

03/03 Pre-Mkt analysis.

It is about an hour before the open. The 3/2 settlement was @ 102.77. Since then price traded @ a high of 102.94 last night but since then receded down to 100.37 indicating so far that price will probably open within value. Major reports today are at 8:30AM, 10:00AM, and 10:30AM (I need to stay out of the mkt for the NG report @ 10:30 as that sometimes effects CL prices greatly)

Yesterday was a DD day; it is best to treat each distribution as its own balance area even if the DD formation was created within a single day session. I'm noticing that even o/n trading is effected by that day's DD formation by seeing how prices were clustering in different areas, and how prices were rejected from the lower distribution area.

If the market opens within balance, I will wait for price to approach extreme areas of the balance and see how it reacts to these levels.



Trade Entry Commentary for 03/04/2011 CL 4-11

T#1 – Long // “A” period // Fade @ Open // Entry @ 101.03 // Stop: 100.87 // Target: 101.66 (PPOC) // P&L: +8 Ticks.

Price opened this morning at the bottom of yesterday's double distribution. My intention was to go long until price reached yesterday's poc (101.66). My reasoning was to use the lower base of the upper distribution as a support level. I entered, placed a stop under the entry bar and watched the move as price was spending a little too much time in that area with not enough buy volume behind it; I like to see price move rather quickly after entry with enthusiasm. Writing this allows me to realize that it is necessary to allow the moves to play out if there is nothing in the market that is totally telling me to get out; a major weakness. I'm noticing how much profit I'm giving up.

T#2 – Long // “H” period // PB off Reversal // Entry @ 101.08 // Stop: 100.70 // Target: 102.00 (PPOC) // P&L: -24 Ticks.

Given the information I had about the market; it had already digested any news that entered the market, the 30Min was telling me that it was at a strong buy zone for the following reasons:

- 1) Price action was overlapping in periods “G”, “H”, and “I” indicating that price was unlikely to go down further, and if that was the case, the odds are good that price will then start to explore the other way.
- 2) The Over Night Low was there acting as support.
- 3) Price dipped into yesterday's lower distribution, another agent to reject prices back up. I remember that whenever we have a double distribution day I should treat each distribution as a separate balance area.

I entered the trade at the extreme high of the pullback. That exposed me to too much risk and decided to tighten my stop and exit the trade. For a trade that went too sour too quickly it was best for me not to wait till price came down to take me out @ -38 Ticks, instead I exited @ -24 Ticks instead.

T#3 – Long // “J” period // PB off Reversal // Entry @ 101.10 // Stop: 100.70 // Target: 102.00 (PPOC) // P&L: +63 Ticks.

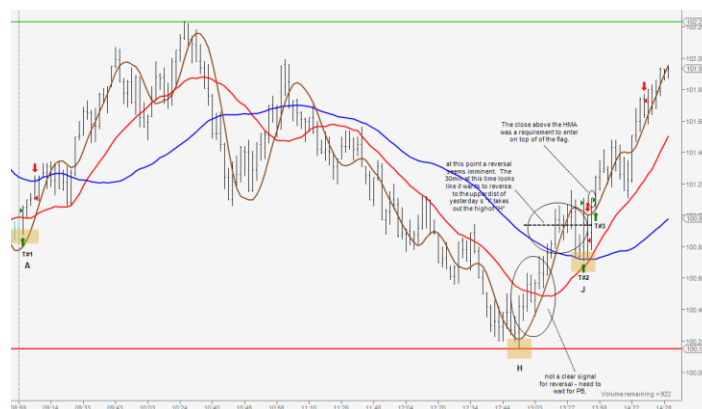
Reapplying T#2. The parameters of this trade is almost identical to T#2; the difference in making me reenter this trade was derived from 3 events:

- 1) Immediately price retraced back up to the top of the pullback failing to take out the last 1250 bar.
- 2) This same price bar closed on top of the HMA implying bullishness.
- 3) All this time the 30Min convinced me that prices were destined to revisit yesterday's upper distribution area and today's upper area of fairest value. Looking at the 30Min chart where it's labeled “3/2 PPOC”, I circled 2 consecutive areas from yesterday and today where I consider them to be “high traffic areas” that are exactly aligned with each other @ price 101.61. These areas that contain overlapping price action present a very high probable chance that price will come back revisit them.

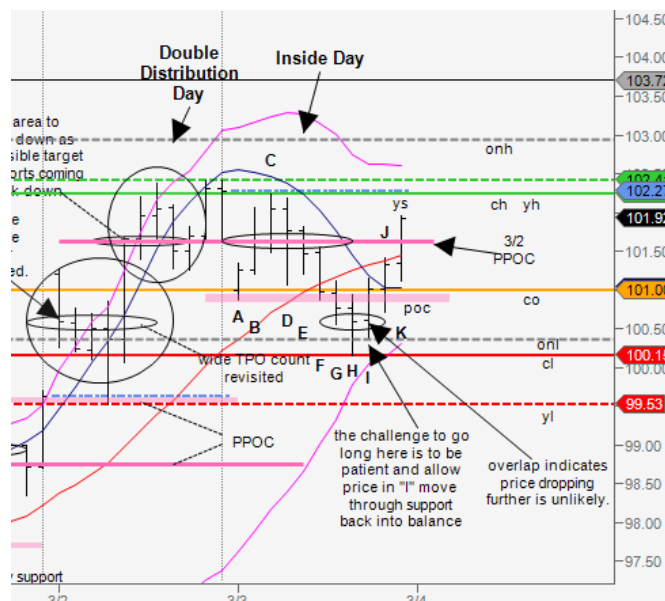
No more trades for today. Net Today (Ticks): +118 Tics.

Trade-#	Market pos.	Quantity	Entry price	Exit price	Profit	Cum. profit	Entry time
1	Long	1	101.03	101.11	0.08	0.08	3/3/2011 9:00:53 AM
2	Long	1	101.08	100.84	-0.24	-0.16	3/3/2011 1:40:17 PM
3	Long	1	101.1	101.73	0.63	0.47	3/3/2011 1:52:45 PM

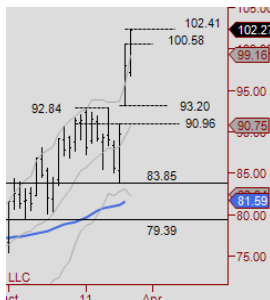
1250V Chart



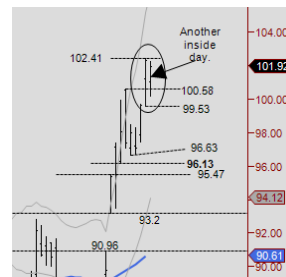
30Min



Daily

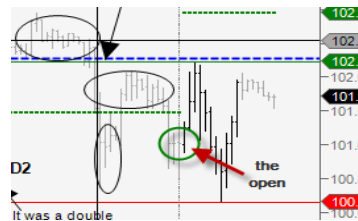


Weekly



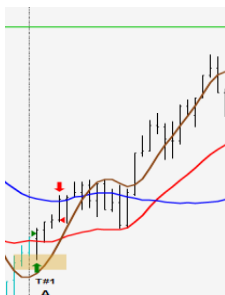
General Commentary

Yesterday, 3/3/2011, was a double distribution day. The market opened @ the bottom of the upper distribution. Keeping in mind that the market closed yesterday at the top of yesterday's distribution, and that the over night market brought price all the back down to the lower distribution, there was a good chance that at the open prices would retrace back up to at least into a good portion of the yesterday's upper distribution.



This activity also led us to believe that the market day type would probably be dominated by short term traders. This was quite evident when we finished the day within the previous day session's range resulting in an "Inside Day". As mentioned in the 2/28 journal, An Inside day is significant because of 2 reasons; it tells us that the market is nearing a time for it to break out. The other reason is that If there is a break out from balance of an inside day, there is usually significant follow through in the direction of that break. However, there is a difference between the inside day that is occurring today which has not spent any time in balance and the one that occurred on 2/28 which was preceded by 4 days of balance. But the rules still apply to any inside day.

For me it was a very frustrating day as know weaknesses cam forth and strangled my effort to stay in trades longer. When there is nothing in the market telling me to get out of the trade, I should obey and stay in. My weakness is that I tend to let conflicting thoughts pervade my better judgment with enough doubt to get me out of a trade prematurely and at a time where there was much left in terms of momentum to carry price farther than the price I exited on. This was the case with in T#1. When I look at the 1250 I see my entry point, my exit point and the rest of the trailing smoke that price has left behind as it sailed out of orbit:



I may need to go back on simulation mode part time to understand what I'm thinking as I practice staying in trades. It doesn't happen all the time, only on certain days.